

OLS Revenue Snapshot

FY 2014 - Through April 2014

- **April Revenues Drop Sharply. Treasury Projects an \$807 Million Shortfall.** The State's major revenues fell 10.5% below last April, driven by the income tax and the corporation tax. Overall year-to-date growth in the major revenues has weakened to only 1.7%, significantly trailing the Executive's year-end target growth rate of 5.9%. When the April shortfall was revealed 18 days ago, the Administration predicted that FY 2014 revenues would miss the February revised target by about \$807 million.¹ On May 21 and 22 the OLS will provide the Budget Committees with updates of FY 2014 and FY 2015 revenues.
- **Gross Income Tax (GIT)** collections in April fell 13.9% below last April. Ten months into FY 2014, GIT receipts of \$9.56 billion are 0.8% behind the same period last year, significantly below the Executive's February revised target rate of 6.8% growth. Last April, final payments jumped \$525 million, up 39%, spurred by taxpayers who shifted income to avoid federal tax rate increases that took effect in January 2013. This year, gains from a strong stock market failed to offset the loss of that one-time windfall. This April, final payments fell \$435 million below last April, a drop of 23%. When the Treasurer predicted the \$807 million shortfall, it included \$698 million from the GIT.
- **Sales Tax** receipts in April, which reflect March economic activity due to a one month payment lag, rose 1.5% above last April. Year-to-date collections total \$6.38 billion, up 4.4% from the same period last year. Growth trails the Executive's February revised FY 2014 target rate of 5.4%.
- **Corporation Business Tax (CBT)** collections dropped 21.9% compared to last April. This decline is due to a sharp rebound in refund payments, which had been unusually low during February and March. With year-to-date refund payments returning to more normal levels, total CBT receipts of \$1.85 billion through April are up 3.4% from the same period last fiscal year, slightly ahead of the FY 2014 CBT target rate of 2.3%.
- **Casino revenues** of \$167.4 million are 4.0% behind last year through the end of April, trailing the FY 2014 revised baseline casino revenue target growth rate. Baseline casino revenues exclude amounts from internet gaming. According to the Division of Gaming Enforcement, State tax revenue from **internet gaming** totaled \$7.73 million from the start of operations in late November 2013 through the end of April 2014. April receipts of \$1.72 million were \$56,000 below March collections.

Office of Legislative Services
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¹ The \$807 million reduction would decrease the year-end target growth rate for the major revenues to approximately 2.9%, still above the current actual growth of 1.7% through the end of April.

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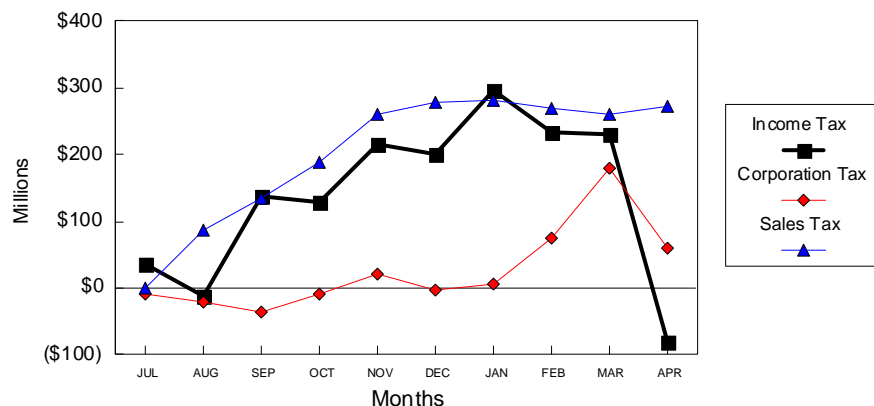
Selected Year-To-Date Cash Collections (\$ millions)

FY 2014 - Through April 2014

REVENUE	FY 2013 Actual Year-To-Date	FY 2014 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$9,644.5	\$9,563.8	-0.8%	6.8%	\$12,927.8
* SALES TAX	\$6,108.1	\$6,379.4	4.4%	5.4%	\$8,680.0
CORPORATION TAX	\$1,790.7	\$1,851.2	3.4%	2.3%	\$2,419.7
LOTTERY	\$765.3	\$766.9	0.2%	2.9%	\$993.0
TRANSFER INHERITANCE	\$493.3	\$562.9	14.1%	14.6%	\$715.0
INSURANCE PREMIUM	\$332.6	\$347.0	4.3%	8.7%	\$612.0
* MOTOR FUELS	\$384.1	\$391.3	1.9%	2.2%	\$536.0
[b] MOTOR VEHICLE FEES	\$337.9	\$301.5	-10.8%	-2.5%	\$438.5
* REALTY TRANSFER	\$156.3	\$183.4	17.4%	35.3%	\$287.0
[c] CASINO	\$174.3	\$167.4	-4.0%	11.5%	\$225.2
[a] CIGARETTE	\$123.3	\$104.1	-15.6%	-10.3%	\$221.4
* PETROLEUM PRODUCTS	\$154.8	\$164.0	6.0%	3.2%	\$213.0
BANKS & FINANCIAL (CBT)	\$109.7	\$132.1	20.4%	20.0%	\$197.0
* ALCOHOL EXCISE	\$64.6	\$66.3	2.6%	4.8%	\$108.0
TOTALS:	\$20,639.4	\$20,981.3	1.7%	5.9%	\$28,573.6

**Income Tax
Corporation Tax
and Sales Tax**

**FY14 Over FY13
Actual Year-To-Date
\$ Change**



Sources: Executive FY2014 year-end revenues revised February 2014. FY2014 Year-To-Date from Treasury monthly reports.

* Revenues represent 9 months of cash collections. All others represent 10 months of cash collections.

** The percentage difference between FY 2014 revised revenue estimates (Feb 2014) and audited FY 2013 figures from the Comprehensive Annual Financial Report (March 2014). Energy revenues for the sales tax and CBT are not included.

- [a] The first \$396.5 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.2006, c.37). Additional amounts, estimated at about \$145.0 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).
- [b] The first \$244.9 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.
- [c] The FY14 casino amount does not include the new internet gaming revenues.